Message Text

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ACTION COME-00

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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC PRIORITY 9658

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E.O. 11652: N/A

TAGS: EWWT, US, UR

SUBJECT: FREIGHT RATES FOR GRAIN IN US-USSR MARITIME TRADE

PASS COMMERCE/MARAD/ASST. SEC. BLACKWELL

REF: MARAD WA-75-0325 OF 42/4/75 TO USSR MERCHANT MARINE MINISTRY

- 1. MERCHANT MARINE MINISTRY FOREIGN RELATIONS CHIEF AVERIN CALLED IN ECON/COMM COUNSELOR AND EMBOFF APRIL 25 REGARDING REFERENCED TELEGRAM FROM ASST. SEC. BLACKWELL. AVERIN STATED THAT HE WILL BE ANSWERING CABLE DIRECTLY BUT ASKED EMBOFFS TO PASS ON SOVIET THINKING BEHIND THEIR RESPONSE (PRESUMED NEGATIVE).
- 2. AVERIN STATED THAT USSR CANNOT AGREE TO INCREASE RATE FOR GRAIN HAULAGE TO ELEVEN DOLLARS PER TON. HE REALIZES THAT FOR THIS HAULAGE O BE INTERESTING TO US SHIPPERS THEY MUST RECEIVED AROUND 19 DOLLARS PER TON, WHEREAS MAXIMUM USG SUBSIDY TO SHIPPERS IS ONLY 8 DOLLARS, LEAVING MIMIMUM ACCEPTABLE RATE OF ABOUT ELEVEN DOLLARS. SOVIET VIEW IS THAT PRESENT DEPRESSED CARGO MARKET WILL ONLY BEAR RATE OF AROUND 8.20 DOLLARS/TON, BUT THAT AS "TOKEN OF GOODWILL" MORFLOT WILLING TO OFFER UP TO MAXIMUM OF 9.50 DOLLARS. TOGETHER WITH 8 DOLLAR SUBSIDY THIS WOULD THUS RESULT IN EFFECTIVE RATE OF 17.50 DOLLARS TO US SHIPPERS.

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3. /BY CALLING EMBOFFS IN TO DISCUSS QUESTON AVERIN SOUGHT

TO MAKE POINT THAT HE IS NOT SEEKING TO BE DIFFICULT OR TO HAGGLE OVER PENNIES. HE EMPHASIZED: 1) THAT USSR UNDERSTANDS DIFFICULT SITUATION FOR US CAUSED BY DEPRESSED WORLD MARKET IN VIEW OF LIMITS OFAMERICAN SUBSIDY PROGRAM, 2) THAT USSR CANNOT BE EXPECTED TO COMPENSATE FOR DIFFERENCES RESULTING FROM "INADEQUACIES" IN SUBSIDIES PERMITTED BY US LAW IN FACE OF CURRENT WORLD MARKET RATES, AND 3) THIS IS WHY MORFLOT WILL NOT BE ABLE INCREASE FREIGHT RATE OFFER ON GRAIN HAULAGE ABOVE 9.50 DOLLARS PER TON.

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